

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 DJIBOUTI 000731

SIPDIS

SENSITIVE

STATE FOR AF AND AF/E; STATE ALSO FOR AF/EPS;
LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: N/A

TAGS: [EPET](#) [PREL](#) [PGOV](#) [ECON](#) [DJ](#)

SUBJECT: EXXON-MOBIL REPRESENTATIVE BRIEFS ON NEXT STEPS
WITH DJIBOUTI

REF: A. A) ADDIS ABABA 1637

[B. B\) DJIBOUTI 711](#)

[1](#)1. This cable contains proprietary corporate information.
Please protect accordingly.

[1](#)2. (SBU) Summary: Alain Adam, Director General of Exxon-Mobil operations in Djibouti (Mobil), briefed the Ambassador and DCM on May 23 about his meeting with Exxon-Mobil's East and Southern Africa Cluster Manager John DiTullio last week. Mobil Djibouti's immediate plans are to ask clarification from the Government of Djibouti (GoDj) on the May 10 letters giving foreign oil companies a year before shutting down terminal operations at the old port; to approach Abdurahman Boreh, 40 percent partner in the new port of Doraleh, on the possibility of participating in the oil terminal there; and to tally up present assets and obligations to allow the company to do a cost-benefit analysis of maintaining operations in Djibouti by moving them to Doraleh. Adam remains concerned about the lack of specifics on the new facilities, and whether the GoDj will seriously address the problem of compensation for lost physical assets and the company's financial obligation to the more than 80 employees who will lose their jobs when the present terminal stops operations. End Summary.

[1](#)3. (SBU) Alain Adam, Director General of Exxon-Mobil operations in Djibouti (Mobil), was pleased with his meetings in Addis Ababa last week with Exxon-Mobil's East and Southern Africa Cluster Manager John DiTullio and that there had been a clear signal on how to proceed. He mentioned that the GoDj was continuing its negotiations with the Ethiopian government on supplying petroleum products. Adam thought these meetings were not proceeding smoothly, and had been surprised when the Ethiopian Petroleum company (EPE) extended its contract with Mobil from December 31, 2004 through June 2005.

[1](#)4. (SBU) Adam seemed particularly pleased that he had been authorized to deal directly with Abdurahman Boreh, 40 percent shareholder in Doraleh ports, on the possibility of moving operations there. He hopes to see Boreh on May 28 or 29, if possible with Shell General Manager Jean Pierre Wyna, and Total representative Francois de Charnasse. (Note: Shell and Mobil have firm plans to conclude a joint venture to merge operations in Djibouti within the year. Total has recently joined these negotiations and may bring its operations into the joint venture, as well. End Note.) Adam said he wanted to clear up any misperception that Mobil was somehow opposed to the Doraleh project.

[1](#)5. (SBU) The May 10 letters from Boreh and the Minister of Transport will require considerable follow up. Initial plans are to write a letter to the Minister of Transport to obtain maximum details on the Doraleh port and the consequences of closure of operations at the existing port. The letter will be vetted through Exxon-Mobil legal offices in Brussels in consultations with local attorney Alain Martinet. In the interim, Mobil will evaluate all its assets in Djibouti, including tanks, land, and the cost of a severance package to existing employees. Exxon-Mobil will not accept, he said, any offset of its existing properties for clean-up costs the Government of Djibouti may seek to levy. "The court case against Mobil for pollution is a different matter from being forced out of the country," Adam said.

[1](#)6. (SBU) Comment: Adam seems better focused on how to

proceed in resolving Mobil's principal problem with the Government of Djibouti. Unclear, specifically, are costs and conditions for using the Emirate National Oil Company (ENOC) facilities in Doraleh, and whether ENOC has obtained a contract for refueling U.S. naval vessels. However, Adam now has a game plan. In the meantime, we will continue to consult with Mobil on this and other issues. These include Government of Djibouti charges of Mobil polluting the harbor, and Mobil's difficulties with corrupt judges. End comment.
RAGSDALE